

STATE OF INDIANA

ORIGINAL
SEPTEMBER 5, 2007



INDIANA UTILITY REGULATORY COMMISSION
101 W. WASHINGTON STREET, SUITE 1500E
INDIANAPOLIS, INDIANA 46204-3407

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MEMORANDUM

TO: Commissioners Hardy, Golc, Landis, Server and Ziegner

FROM: Jerry L. Webb, Director of Water/Sewer Division *Jerry Webb*

DATE: August 30, 2007

RE: Utility Articles for Next Conference

The following Final Articles "A" and Preliminary Article "A" are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after September 5, 2007.

JLW/lid

"A" Finals

The following miscellaneous item(s) will be eligible for final consideration at the next Commission Conference and based upon review by staff members of the Commission, I recommend approval.

1. Duke Energy Indiana, Inc.

Duke Energy Indiana seeks approval of a change in its Standard Contract Rider 63, Emission Allowance Adjustment, in accordance with Commission Order in Cause No. 42359, dated May 18, 2004. This Order reaffirmed Duke Energy Indiana's authorization to recover SO₂ and NO_x emission allowance costs via Standard Contract Rider No. 63. Additionally, in Cause No. 42718, dated May 24, 2006, the Commission approved an amendment to Duke Energy Indiana's Standard Contract Rider 63, authorizing recovery of mercury (Hg) emissions allowance costs.

The proposed emission allowance charge factor is \$0.001050 per kilowatt-hour and is applicable to all retail electric rate schedules for the months of October, November, and December 2007. This factor includes the emission allowance cost variance of (\$1,430,718) from March through May 2007. The proposed factor will be effective the later of the date of Commission's approval or the first billing cycle of October 2007.

The tariff sheet affected by this filing is:

- Standard Contract Rider No. 63.

2. Indiana Michigan Power Company

The Utility has submitted for Commission review and approval, under the Commission's 30-day filing procedure and the provisions of Tariff CS-IRP (Contract Service Interruptible Power), an amendment (the Fourth Amendment) to the Tariff CS-IRP Contract between Air Products & Chemicals, Inc. (Air Products) and the Utility. The contract was approved by the Commission on April 30, 1997. Use of the Commission's 30-day filing procedure for this contract amendment is appropriate based on the Commission's Order issued August 23, 1995, in Cause No. 40201.

The Fourth Amendment supplants the provisions of the Capacity Reservation portion of the contract to reflect the additional capacity needs of Air Products. The changes to the Contract provided by this Fourth Amendment were agreed to by mutual consent of the parties.

The Amendment negotiations were at "arm's length" resulting in the Amendment being executed by the Utility and Air Products on July 9, 2007. The principal aspects of the amendment provide as follows:

1. Air Products has requested a change in the Capacity Reservation established in the Fourth Amendment.

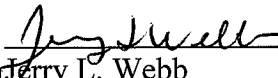
2. All other rates, terms and conditions, obligations and responsibilities set forth in the original contract remain unchanged.

The Utility and Air Products have also requested that the Commission treat specific terms of the Amendment as confidential and protect them from disclosure. Accordingly, an unredacted amendment was filed under seal with the requisite affidavit along with a redacted copy of the Amendment.

A review of the affidavit and supporting material indicates that the provisions concerning requests for confidentiality specified in the Commission's Order in Cause No. 40201, Tariff CS-IRP, and the Docket Entry of September 8, 1995, have been complied with and the material sought to be treated as confidential is being so treated consistent with I.C. 8-1-2-29 and I.C. 5-et seq.

The Amendment submitted for approval is entitled Fourth Amendment to the Contract for Electric Service Between Indiana Michigan Power Company and Air Products & Chemicals, Inc. dated March 26, 1997, consisting of a cover and two pages in redacted form and a cover and two pages in unredacted form.

Please indicate your consideration and action of the preceding items on the appropriate lines provided below.


Jerry L. Webb
Director of Water/Sewer Division

I approve of all items as presented above

I approve of all items as presented above except

Not participating in the following items

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Brenda A. Howe
Secretary to the Commission

"A" Preliminary

The following new miscellaneous item has been reviewed by staff members of the Commission and we recommend accepting it for filing.

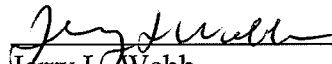
1. Duke Energy Indiana, Inc.

Duke Energy Indiana seeks approval of a revision to its Rate CS – Schedule for Commercial Electric Service. This revision contains an addition to the "Special Terms and Conditions." Paragraph 6 is added to provide a rate of \$0.065268 for all kWh used by low power consumption devices in the delivery of broadband services. This rate is based on the CATV rate provided in paragraph 3 of the "Special Terms and Conditions" contained in Duke Energy's Rate CS Tariff.

The CATV rate was used as a surrogate because of the similar load characteristics between CATV and the devices used to provide these types of services. The CATV revenue requirement from Duke Energy's recent rate case (Cause No. 42359) and the CATV kWh sales from the rate case test period was used to calculate the kWh rate.

The tariff sheet affected is:

- Rate CS – Schedule for Commercial Electric Service



Jerry L. Webb
Director of Water/Sewer Division